

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2003-05 BIENNIUM

Beginning balance - July 1, 2003		\$33,153,183
Add estimated revenues		
2002 government nursing facility funding pool payment (July 2003)	\$13,646,405	
2003 government nursing facility funding pool payment (July 2004)	6,160,761	
Investment earnings	1,800,000	
Loan repayments - Principal and interest	<u>875,000</u>	
Total estimated revenues		<u>\$22,482,166</u>
Total available		\$55,635,349
Less estimated expenditures		
State Department of Health		
Quick response unit pilot project (2003 HB 1004)	\$225,000	
Scholarship and nurses student loan repayment grant program (2003 HB 1004)	489,500	
Bank of North Dakota administrative fee (continuing appropriation)	79,615	
Transfer to the general fund (2003 SB 2012)	<u>35,911,035</u>	
Total estimated expenditures		<u>\$36,705,150</u>
Estimated balance - June 30, 2003		<u><u>\$18,930,199</u></u>

NOTE: The estimated June 30, 2005, balance made at the close of the 2003 Legislative Assembly was \$10 million. The increase of \$8,930,199 is due to the July 1, 2003, balance exceeding estimates by \$6.1 million, the July 2003 intergovernmental transfer payment deposit exceeding estimates by \$1.2 million, loan repayments being \$200,000 less than originally projected, and estimated investment earnings of \$1.8 million. The 2003 Legislative Assembly did not anticipate any investment earnings on the fund for the 2005-07 biennium because of the \$1.4 million investment loss during the 2001-03 biennium due to downturn in the stock market. Money in the fund is now invested with the Bank of North Dakota.

The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. The 2001 Legislative Assembly in House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money is generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVile and Dunseith. Payments are made based on the average amount Medicare rates exceed Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds are available for these payments and require a state match. Payments are made to the two government nursing facilities and are subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share is returned to its source, and the federal funds are deposited in the health care trust fund. Money in the fund is invested by the State Investment Board and any investment earnings are retained in the fund. The federal government has adopted rules to eliminate this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment will be made in July 2004.